

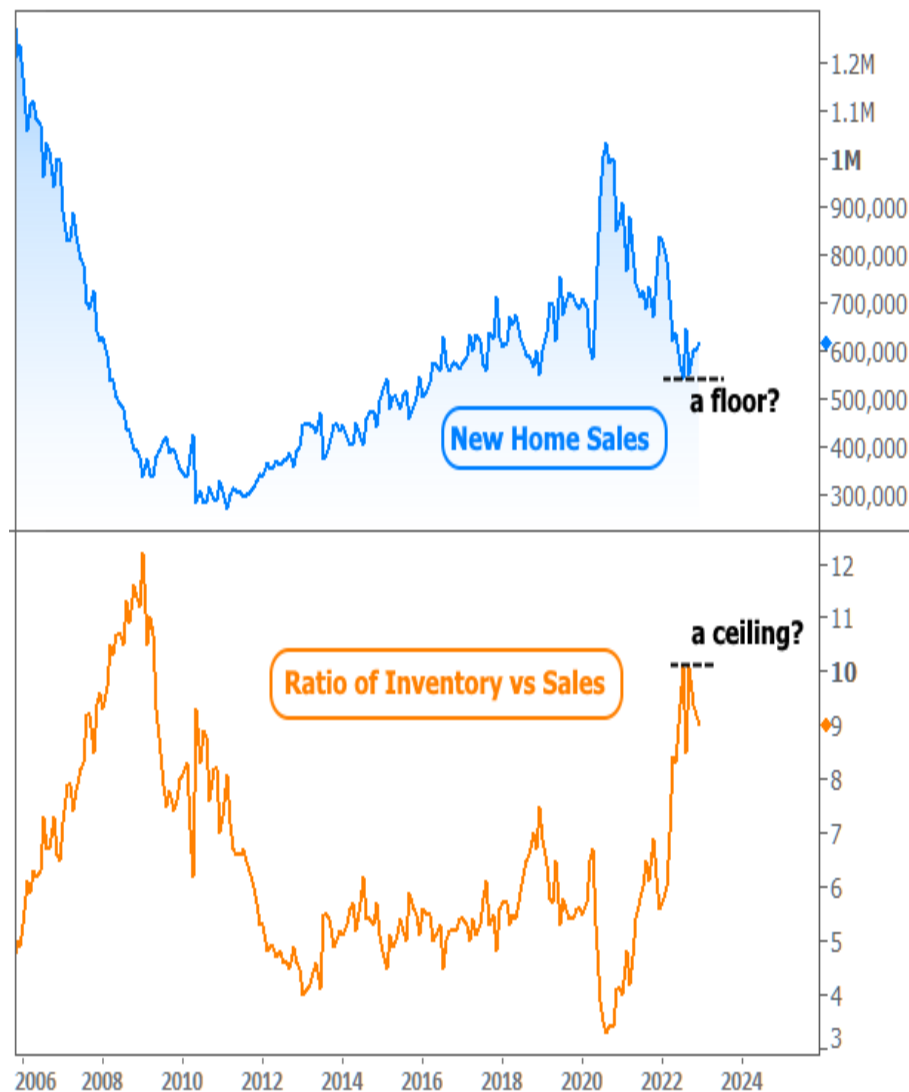


New Home Sales Look Like They Want to Bounce

The Census Bureau's regularly scheduled monthly report on New Home Sales was released this morning. The annual pace of 616k was right in line with the median forecast of 617k. This is technically an improvement, but only because the previous month was revised down to 602k from 640k.

In the big picture, it doesn't much matter if today's data is a bit better or worse than last month's. It's unequivocally better than it was on several occasions in the middle of 2022 when the annual pace was closer to 550k. If sales can avoid revisiting that territory, 550k will increasingly look like a long-term floor in the bigger picture.

If sales numbers are finally bouncing, some credit could go to inventory finally doing the same. After being squeezed down to all-time lows in early 2020, new home inventory slowly began to grow. It didn't eclipse 2019's highest levels until several months into 2022. We can credit the combination of sharply higher rates and prices for sapping demand and leaving excess inventory on the shelf for builders. Here too, the chart looks like it wants to bounce (but against a ceiling for inventory as opposed to a floor for sales numbers).



Jason Wood

Mortgage Advisor & VA
Loan Specialist, VA Loan
Guy - American Mortgage
Network

www.valoanguy.us

P: (760) 350-3989

M: (760) 217-0820

1185 LINDA VISTA DR
SAN MARCOS CA 92078
317293

VA Loan Guy

It's a bit too soon to declare victory. Whereas 2022 was clearly a year for rising interest rates, it remains to be seen how quickly that trend will be reversed in 2023. If inflation continues to fall and the economy softens, rates can come down faster. This isn't the only input for New Home Sales of course, but when the average 30yr fixed rate was well over 7%, it was certainly keeping more prospective buyers on the sidelines versus the mid-to-low 6's seen over the past 2 months.

